

ORDINANCE NO. 2796 NEW SERIES

AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AGREEMENT, A SUPPLEMENT TO THE TRUST AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A DEPOSITORY TRUST AGREEMENT AND, IF REQUIRED, AN OBLIGATION PURCHASE CONTRACT; APPROVING A PRELIMINARY OFFICIAL STATEMENT; APPROVING THE ISSUANCE AND SALE OF NOT TO EXCEED \$99,000,000 SENIOR LIEN WATER AND SEWER REVENUE REFUNDING OBLIGATIONS, SERIES 2012, WHICH MAY BE IN ONE OR MORE SERIES, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN THE PURCHASE AGREEMENT; DELEGATING THE DETERMINATION OF CERTAIN PROVISIONS; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTION CONTEMPLATED BY THIS ORDINANCE; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Glendale, Arizona (the "City") desires to refinance the acquisition, construction and installation of certain improvements to its water and sewer systems (the "Project") through the execution and delivery of not to exceed \$99,000,000 Senior Lien Water and Sewer Revenue Obligations, Series 2012, dated as determined by the Finance Director of the City (the "2012 Obligations"), by U.S. Bank National Association, as Trustee (the "Trustee") pursuant to a Trust Agreement (hereinafter defined), dated as determined by the Finance Director of the City (the "Trust Agreement") between the Trustee and the City, evidencing a proportionate interest of the owners thereof in a Purchase Agreement, dated as determined by the Finance Director of the City (the "Purchase Agreement"), between the Trustee and the City; and

WHEREAS, Ordinance No. 1323, New Series (the "Master Ordinance") passed and adopted by the Mayor and Council on December 4, 1984, authorized the issuance of City of Glendale, Arizona water and sewer revenue bonds, as such ordinance is amended from time to time, including as supplemented and amended by Ordinance No. 1784, New Series passed on September 14, 1993 (the "Amending Ordinance" and together with the Master Ordinance, the "Existing Ordinance") and by the WIFA Loan Agreements (as hereinafter defined); and

WHEREAS, upon the issuance of the 2012 Obligations, and the payment in full of the WIFA Loan Agreements, there shall not be any outstanding obligations under the Existing Ordinance and the Existing Ordinance shall cease to govern senior lien water and sewer revenue obligations; and

WHEREAS, all of the conditions prescribed in the Subordinate Trust Agreements and Subordinate Purchase Agreements (each term as hereinafter defined) for issuing senior lien obligations will be met upon the execution and delivery of the 2012 Obligations; and

WHEREAS, Ordinance No. 2350, New Series (the "Subordinate Ordinance") passed and adopted by the Mayor and Council on October 28, 2003, authorized the execution and delivery of City of Glendale, Arizona water and sewer revenue obligations, as such ordinance is amended from time to time, and authorized the City to enter into, among other documents, a trust agreement and purchase agreement related to such obligations; and

WHEREAS, the City executed and delivered a Trust Agreement dated as of December 1, 2003 (the "Trust Agreement") and a Purchase Agreement dated as of December 1, 2003 (the "2003 Purchase Agreement"), pursuant to which Subordinate Lien Water and Sewer Revenue Obligations, Series 2003 (the "2003 Obligations"), in an aggregate principal amount of \$80,000,000, evidencing a proportionate interest of the owner of the Obligation in purchase price payments to be made by the City, were executed and delivered on December 16, 2003; and

WHEREAS, the City executed and delivered a Trust Agreement dated as of February 1, 2006 (the "2006 Trust Agreement") and a Purchase Agreement dated as of February 1, 2006 (the "2006 Purchase Agreement"), pursuant to which Subordinate Lien Water and Sewer Revenue Obligations, Series 2006 (the "2006 Obligations"), in an aggregate principal amount of \$80,000,000, evidencing a proportionate interest of the owner of the Obligation in purchase price payments to be made by the City, were executed and delivered on February 28, 2006; and

WHEREAS, the City executed and delivered a Trust Agreement dated as of June 1, 2007 (the "2007 Trust Agreement") and a Purchase Agreement dated as of June 1, 2007 (the "2007 Purchase Agreement"), pursuant to which Subordinate Lien Water and Sewer Revenue Obligations, Series 2007 (the "2007 Obligations"), in an aggregate principal amount of \$44,500,000, evidencing a proportionate interest of the owner of the Obligation in purchase price payments to be made by the City, were executed and delivered on June 27, 2007; and

WHEREAS, the City executed and delivered a Trust Agreement dated as of March 1, 2008 (the "2008 Trust Agreement") and a Purchase Agreement dated as of March 1, 2008 (the "2008 Purchase Agreement"), pursuant to which Subordinate Lien Water and Sewer Revenue Obligations, Series 2008 (the "2008 Obligations"), in an aggregate principal amount of \$65,500,000, evidencing a proportionate interest of the owner of the Obligation in purchase price payments to be made by the City, were executed and delivered on March 19, 2008; and

WHEREAS, the City has entered into (i) a Loan Agreement dated January 26, 2001 with the Water Infrastructure Finance Authority of Arizona (formerly known as the Wastewater Management Authority of Arizona and hereinafter defined as "WIFA") and (ii) a Loan Agreement with WIFA dated March 19, 2010 (collectively, the "WIFA Loan Agreements") and the payment obligation of the City with respect to the WIFA Loan Agreements is prior to the payment of the Subordinate Obligations (as hereinafter defined); and

WHEREAS, the City executed and delivered a Trust Agreement dated as of November 1, 2010 (the "2010 Trust Agreement") and a Purchase Agreement dated as of November 1, 2010 (the "2010 Purchase Agreement"), pursuant to which Subordinate Lien Water and Sewer Revenue Obligations, Series 2010A (Taxable Direct Pay Build America Bonds) (the "2010 Obligations"), in an aggregate principal amount of \$25,685,000, evidencing a proportionate interest of the owner of the Obligation in purchase price payments to be made by the City, were executed and delivered on November 30, 2010; and

WHEREAS, the Trust Agreement, the 2006 Trust Agreement, the 2007 Trust Agreement, the 2008 Trust Agreement, the 2010 Trust Agreement, the 2003 Purchase Agreement (collectively, the "Subordinate Trust Agreements"), the 2006 Purchase Agreement, the 2007 Purchase Agreement, the 2008 Purchase Agreement and the 2010 Purchase Agreement (collectively, the "Subordinate Purchase Agreements") describe the terms and conditions upon which additional water and sewer obligations may be issued on a parity basis; and

WHEREAS, the proceeds of the 2012 Obligations will be used to refinance prior obligations of the City that financed certain water and sewer projects related thereto (collectively, the "Project") and to pay the delivery costs of the 2012 Obligations and reserve funds, if any; and

WHEREAS, there have been filed with the City Clerk and submitted to the Council of the City at this meeting proposed forms of the following documents:

- (i) the proposed form of the Purchase Agreement;
- (ii) the proposed form of the Trust Agreement;
- (iii) the proposed form of the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); and
- (iv) a preliminary form of the Official Statement relating to the Obligations (the "Preliminary Official Statement"); and
- (v) the proposed form of the Depository Trust Agreement.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLENDALE as follows:

SECTION 1. That for the purpose of providing funds to refinance prior obligations of the City that financed the Project and to pay all necessary legal, financial, architectural, engineering and contingent costs in connection therewith, the City hereby authorizes the execution and delivery of the Senior Lien Water and Sewer Revenue Refunding Obligations, Series 2012, which may be in one or more series, by the Trustee, in the aggregate principal amount of not to exceed \$99,000,000.

SECTION 2. That the 2012 Obligations are to be executed and delivered as senior obligations to the Subordinate Ordinance. All words and phrases not defined herein which are defined in the Trust Agreement shall have the meanings given them in the Trust Agreement Supplement.

SECTION 3. That the 2012 Obligations shall be executed and delivered as fully registered obligations registered as to both principal and interest, in the denominations of \$5,000 or any integral multiple thereof. The Obligations shall be dated as determined by the Finance Director of the City, shall bear interest from such date payable on January 1 and July 1 of each year (the "Interest Payment Dates"), commencing July 1, 2012 (or such other date as determined by the Finance Director of the City) until the principal amount has been paid or provided for. The 2012 Obligations shall bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from their dated date. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

The provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Trust Agreement.

SECTION 4. That the Finance Director is authorized and directed to determine the most advantageous manner of selling the 2012 Obligations, whether by competitive or negotiated sale. In the event the Finance Director determines it is most advantageous to sell the 2012 Obligations by negotiated sale, R.W. Baird & Co. Incorporated is selected as underwriter (the "Underwriter") of the Bonds and the Finance Director is authorized to execute an Obligation Purchase Contract with the Underwriter (the "Purchase Contract").

SECTION 5. That the Finance Director is authorized and directed to determine and approve the interest rates (which shall not exceed a net interest cost of 8%), dated dates, interest payment dates, maturity dates (which shall not exceed 35 years), maturity amounts, purchase price, redemption provisions, underwriter's discount bid (which shall not exceed 2.5% of the par amount of the 2012 Obligations) and any provisions necessary in connection with the purchase of credit enhancement pursuant to Section 7 hereof, and cause the same to be set forth in the documents. The 2012 Bonds may be issued as tax-exempt bonds or as taxable bonds, or a combination thereof, as determined by the Finance Director.

SECTION 6. That the form, terms and provisions of the Purchase Agreement, the Trust Agreement, the Obligation Purchase Contract, the Depository Trust Agreement and the Continuing Disclosure Certificate, in substantially the form of such documents (including the 2012 Obligations and other exhibits thereto) presented at this meeting are hereby approved, with such final provisions, insertions, deletions and changes as shall be approved by the Finance Director, the execution of each such document being conclusive evidence of such approval, and the Mayor, the City Manager or the Finance Director are hereby authorized and directed to execute and deliver, where applicable, or approve the Purchase Agreement, the Trust Agreement, the Obligation Purchase Contract, the Depository Trust Agreement and the Continuing

Disclosure Certificate and to take all action to carry out and comply with the terms of such documents.

SECTION 7. That the City may purchase a Reserve Account Surety Bond (the "Series 2012 Surety Bond") to satisfy the Reserve Account requirements of Section 5.10 of the Trust Agreement.

In lieu of, or in addition to, the Series 2012 Surety Bond, the Mayor, the City Manager and the Finance Director are hereby authorized and directed to purchase such other municipal bond insurance, surety bonds or other credit enhancement as may be deemed appropriate and beneficial, to pay or cause to be paid all premiums attendant thereto and to enter into any obligations or agreements on behalf of the City to repay amounts paid thereon by the providers thereof.

SECTION 8. That the form, terms and provisions of the Preliminary Official Statement in substantially the form (including exhibits thereto) presented at this meeting are hereby ratified, approved and confirmed. The City hereby approves, ratifies and authorizes the use by the Purchaser of copies of the Preliminary Official Statement and the final Official Statement, which shall be in substantially the form of the Preliminary Official Statement with such changes as are necessary as a result of the sale of the 2012 Obligations (the "Official Statement") in connection with the public offering and sale of the 2012 Obligations. The City hereby deems the Preliminary Official Statement as final as of its date for purposes of Rule 15c2-12 of the Securities Exchange Commission. The City Manager is hereby authorized and directed to execute, when completed, the Official Statement.

SECTION 9. That the City hereby requests the Trustee to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Trust Agreement, the Obligation Purchase Contract and the Continuing Disclosure Certificate, and the execution, delivery and sale of the 2012 Obligations and further authorizes and directs the Trustee and any trustees for any obligations on a parity with the Obligations to enter into such agreements as may be reasonable for the administration of the trusts so held.

SECTION 10. That pursuant to the Purchase Agreement and the Trust Agreement, the City shall pledge its Net Revenues to the amounts to come due under the Purchase Agreement and the Trust Agreement. The City's obligation to make the payments under the Purchase Agreement or the Trust Agreement does not constitute an obligation of the City or the State of Arizona, or any of its political subdivisions, for which the City or the State of Arizona, or any of its political subdivisions, is obligated to levy or pledge any form of taxation nor does the obligation to make any payments under the Purchase Agreement or the Trust Agreement constitute an indebtedness of the City or of the State of Arizona or any of its political subdivisions within the meaning of the Constitution of the State of Arizona or otherwise. The pledge of the Net Revenues is on a parity basis with the existing pledges of the Net Revenues as described in the Master Ordinance and is a senior pledge to the pledge related to the Subordinate Obligations.

SECTION 11. That pursuant to the Purchase Agreement, the City will covenant and agree that the amount of Net Revenues which it presently levies and collects will continue to be levied and collected in each fiscal year so as to satisfy the rate covenant of the City set forth in Section 6 of the Purchase Agreement.

SECTION 12. That after any of the 2012 Obligations are delivered by the Trustee to the Purchaser thereof, upon receipt of payment therefor, this ordinance shall be and remain irrevocable until the 2012 Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

SECTION 13. That the Mayor, the City Manager, the City Attorney, the Finance Director, and the City Clerk and the other officers of the City, on behalf of the City, are each hereby authorized and directed, without further order of the Council of the City, to execute and deliver such certificates, proceedings and agreements as may be necessary or convenient to be executed and delivered on behalf of the City, to evidence compliance with, or further the purposes of, all the terms and conditions of this ordinance and the consummation of the transactions contemplated by the Preliminary Official Statement.

SECTION 14. That all actions of the officers and agents of the City which conform to the purposes and intent of this ordinance and which further the issuance and sale of the Obligations as contemplated by this ordinance whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this ordinance.

SECTION 15. That if any section, paragraph, clause or phrase of this ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this ordinance.

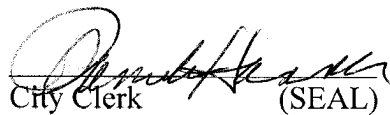
SECTION 16. That the Council of the City finds and determines that all formal actions of this Council concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council and that all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

SECTION 17. That the immediate operation of the provisions of this Ordinance is necessary for the preservation of the public peace, health and safety of the City and for the further reason that the improvements to be financed with the proceeds of the 2012 Obligations are urgently needed to enhance the health and safety of the inhabitants of the City and that the City desires to achieve favorable interest rates; therefore, an emergency is hereby declared to exist and this Ordinance is enacted as an emergency measure and shall be in full force and effect from and after the passage and adoption by the Council of the City, as required by law, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

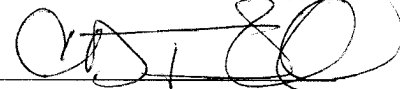
PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Glendale, Maricopa County, Arizona, this 10th day of January, 2012.

  
MAYOR

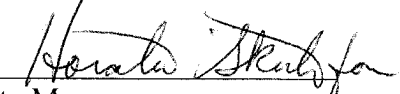
ATTEST:

  
City Clerk (SEAL)

APPROVED AS TO FORM:

  
City Attorney

REVIEWED BY:

  
City Manager